



2006 FULL YEAR RESULTS

March / April 2007



DISCLAIMER

Safe Harbour Statement

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FULL YEAR 2006

- Highlights
- Full year accounts
- Market trends
- The Neopost model
- Outlook



2006 HIGHLIGHTS

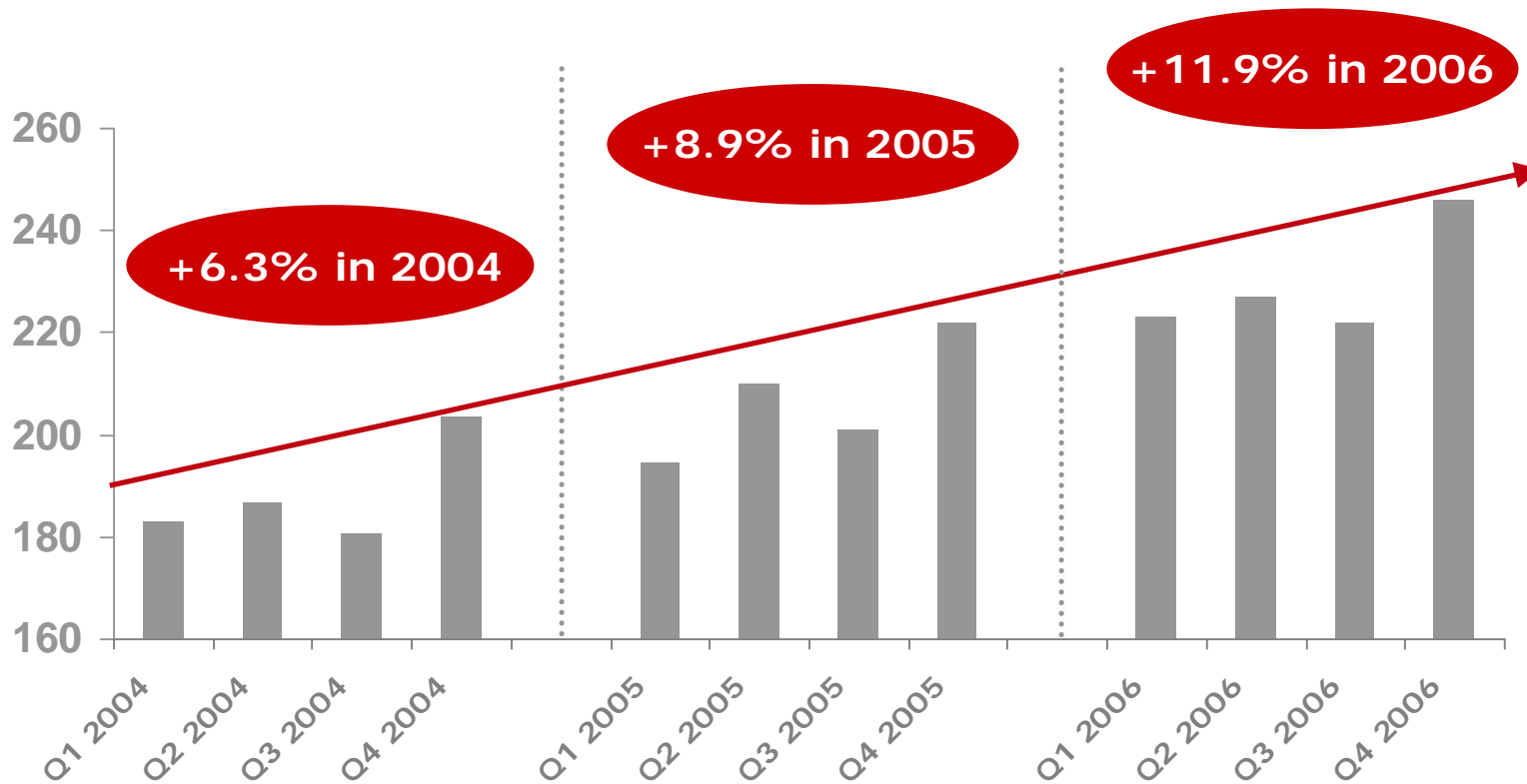
2006 HIGHLIGHTS

- Record growth
- Continuing improvement in profitability
- New shareholder return policy implemented

While pursuing our investment strategy
to prepare for the future

RECORD REVENUE GROWTH

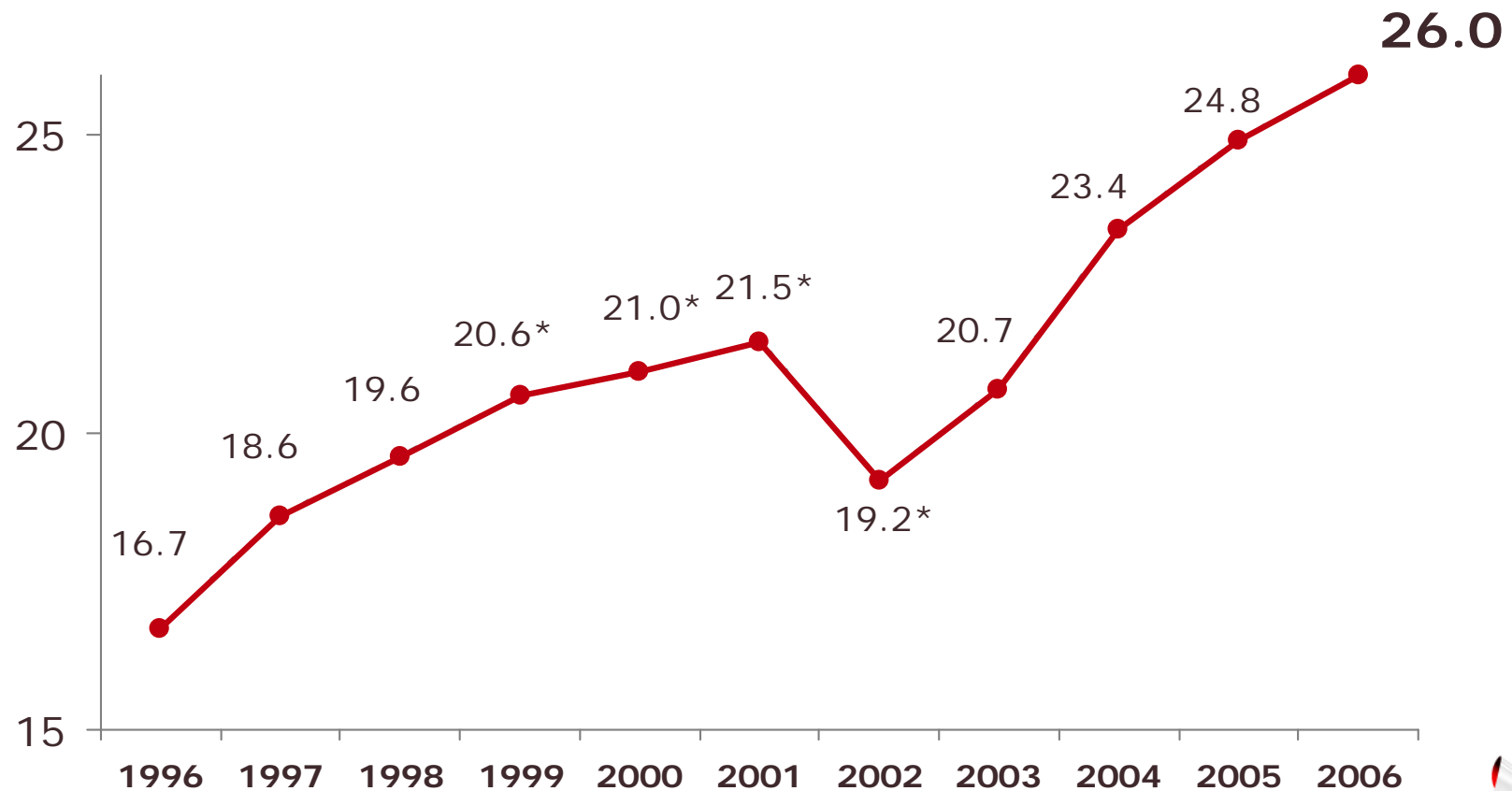
Quarterly sales
(€ m)



Growth significantly above the market average

CONTINUING IMPROVEMENT IN PROFITABILITY

Current operating margin
(Current operating income / sales, %)



* Excluding Neopost Online

IMPLEMENTATION OF THE NEW SHAREHOLDER RETURN POLICY IN 2006

- 2005 dividend: €3.00 per share
 - Yield: 3.3%*
 - Value of pay-out: €94.2m
- Share buyback
 - 746,957 shares, i.e. 2.3% of total shares, bought back between July 2005 and July 2006
 - Value of buyback: €62.6m

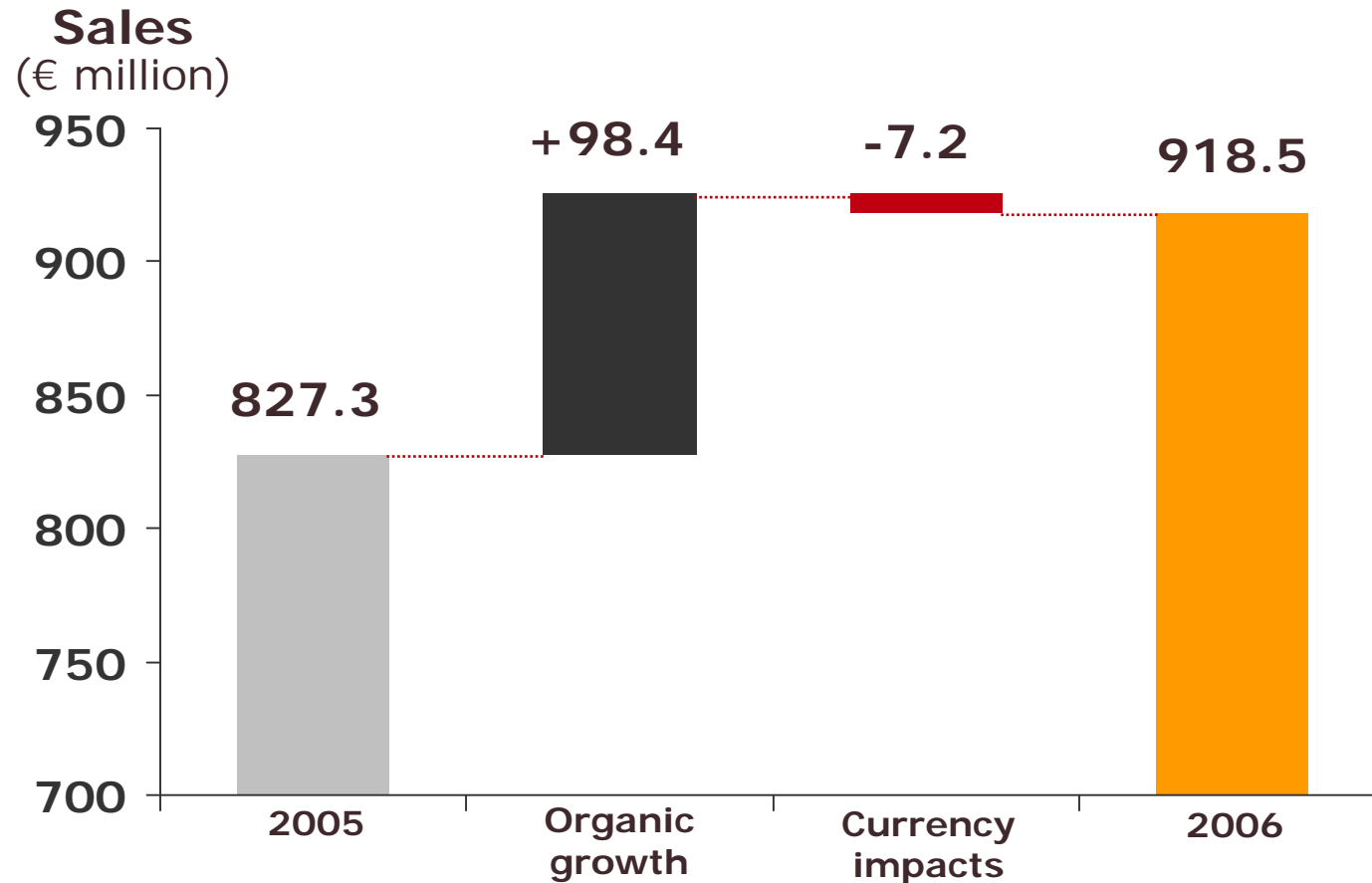
=> Total returned to shareholders: €157m

100% of the 2005 increase in shareholder's equity was returned to shareholders between July 2005 and July 2006



2006 FULL YEAR ACCOUNTS

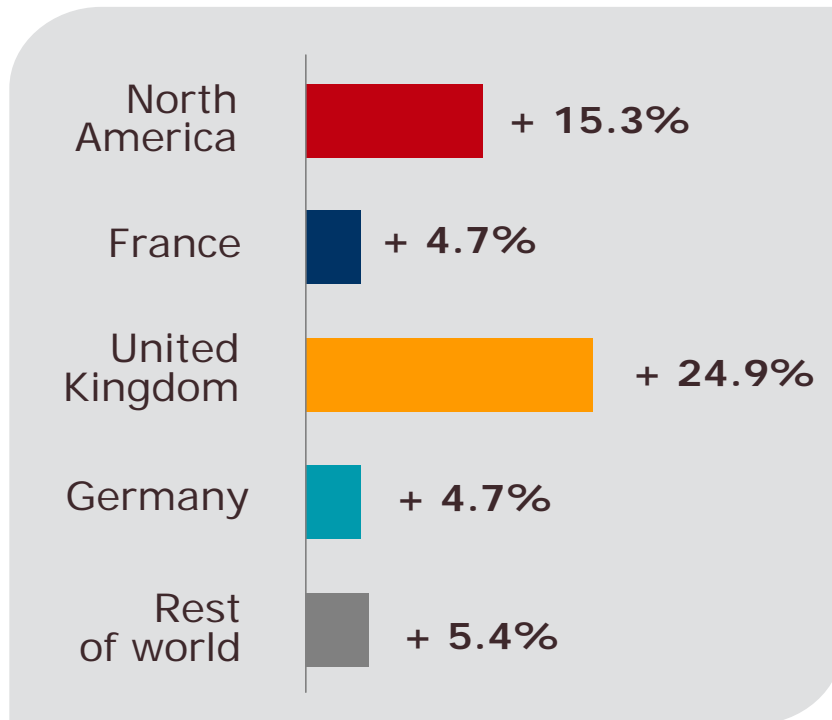
RECORD SALES LEVEL



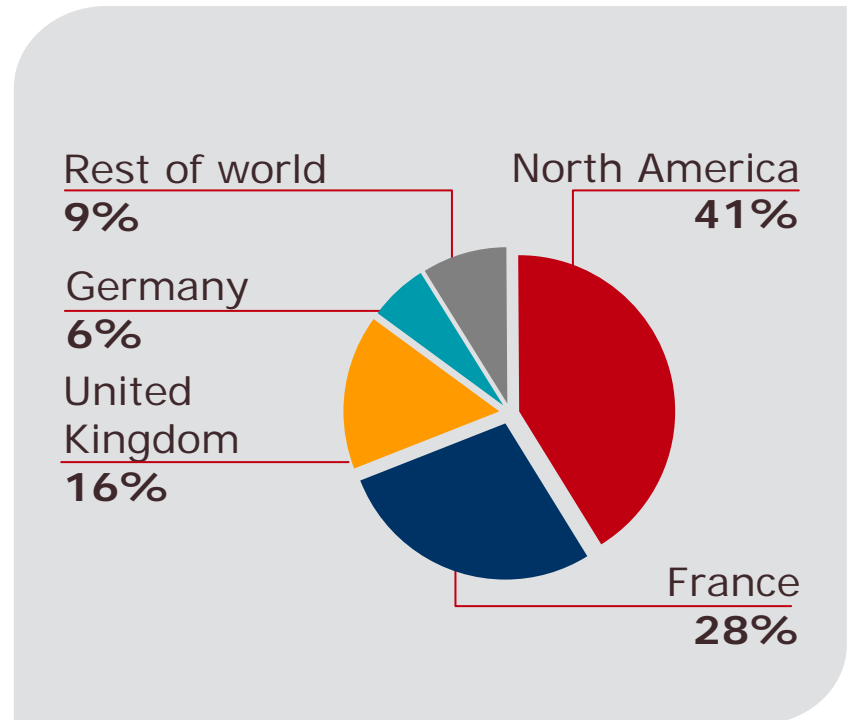
Growth of 11.9%
at constant exchange rates

ABILITY TO TAKE FULL ADVANTAGE OF MARKET OPPORTUNITIES

2006 / 2005 change*



2006 sales: €918.5m

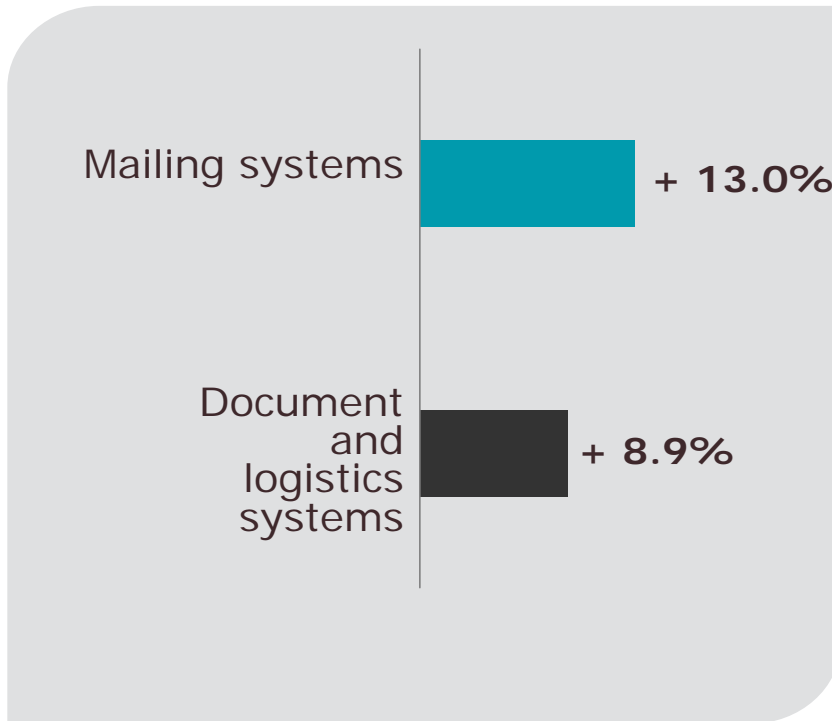


Growth in all markets

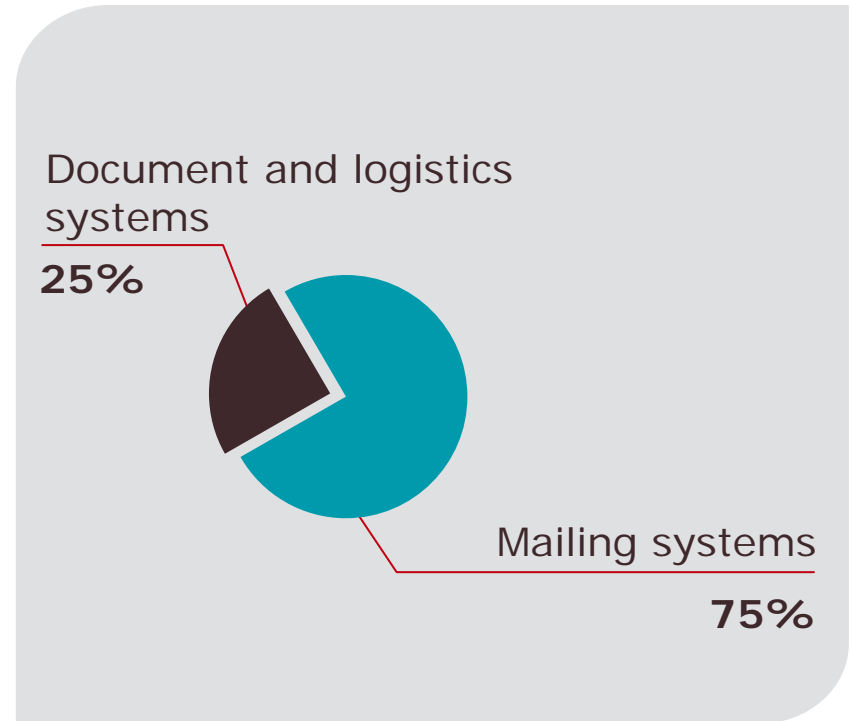
* At constant exchange rates

STRONG GROWTH IN ALL ACTIVITIES

2006 / 2005 change*



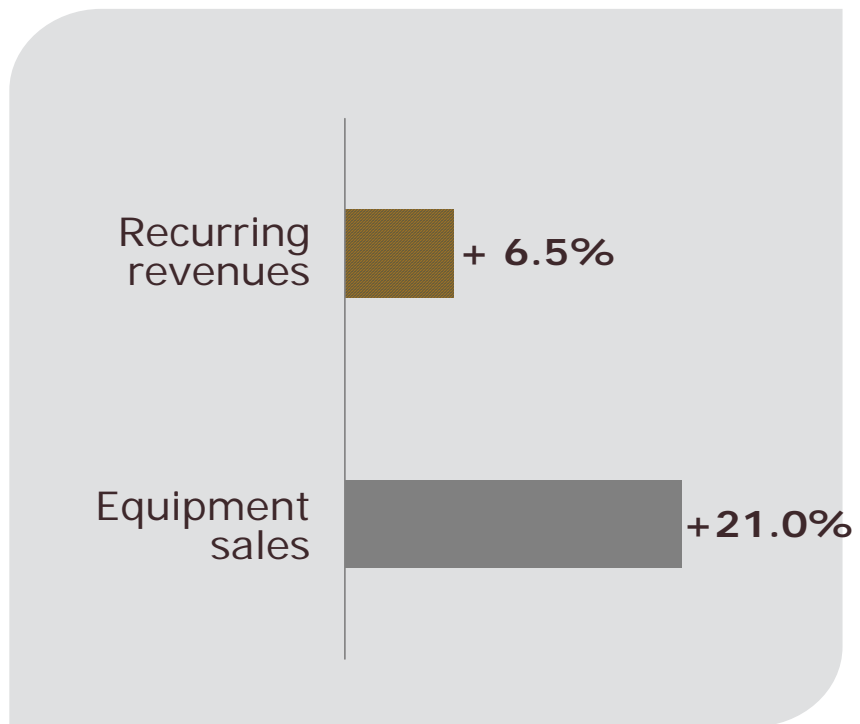
2006 sales: €918.5m



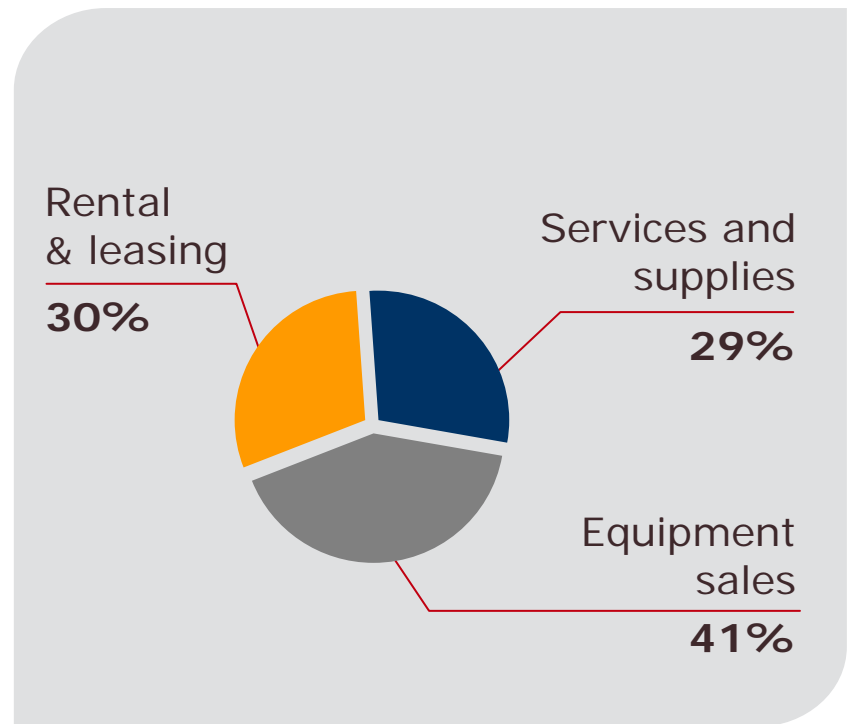
Successful cross-selling

VERY STRONG GROWTH IN EQUIPMENT SALES

2006 / 2005 change*



2006 sales: €918.5m



Today's equipment sales generate
tomorrow's recurring revenues

FURTHER IMPROVEMENT IN PROFITABILITY

- Volume growth
- Product mix (shift to more high end products)
- Increased revenues from supplies:
 - Sales up 16.9%, representing 11.6% of total sales
- Expansion of financial services:
 - Sales up 18.4%
- Productivity improvement
- Currency impacts under control

Relevance of Neopost's model



RECORD CURRENT OPERATING MARGIN OF 26.0%

€ m	2005	2006	Change %
Sales	827	919	+11.0%
Gross margin	632	706	+11.7%
<i>As a % of sales</i>	76.4%	76.9%	
EBITDA	266	297	+11.7%
<i>As a % of sales</i>	32.1%	32.3%	
Current operating income	205	239	+16.2%
<i>As a % of sales</i>	24.8%	26.0%	

Gross margin and productivity
both improved

A 14.0% INCREASE IN NET INCOME

€ m

	2005	2006	Change %
Sales	827	919	+11.0%
Current operating income	205	239	+16.2%
Results of disposals and others	1	1	
Operating income	206	240	
Financial results	(12)	(19)	
Taxes	(57)	(65)	
Results of associated companies	1	1	
Net income	138	157	+14.0%
<i>As a % of sales</i>	<i>16.7%</i>	<i>17.1%</i>	



SHARP IMPROVEMENT IN WORKING CAPITAL REQUIREMENT

€ m	2005	2006	Change %
Inventories	49	50	+2.3%
Trade receivables	195	161	-17.8%
Prepaid income	(155)	(157)	+1.2%
Other payables and receivables	(280)	(307)	+9.6%
Total excluding leasing	(191)	(253)	+32.7%

Significant decrease in trade receivables



VERY STRONG CASH FLOW GENERATION

€ m	2005	2006
EBITDA	266	297
Capex (net of disposals)	(90)	(96)
Change in WCR	(12)	62
Taxes	(57)	(65)
Cash from operations	107	198
Change in loans to leasing	2	1
Cash flow*	109	199

Recurring high level of cash flow

DEBT TO EQUITY RATIO INCREASED AS PLANNED

€ m	2005	2006
Financial debt excluding leasing	298	341
Cash and marketable securities	(112)	(158)
Short term loans to leasing	(86)	(85)
Net financial debt excluding leasing	100	98
Leasing debt	105	155
Short term leasing debt from operations	86	85
Total leasing debt	191	240
Total net debt	291	338
Equity	514	537
<i>Net debt/equity</i>	<i>56.5%</i>	<i>63.0%</i>

Voluntary policy and capacity to fund investment and to return value to shareholders

100% OF THE INCREASE IN SHAREHOLDER'S EQUITY RETURNED TO SHAREHOLDERS

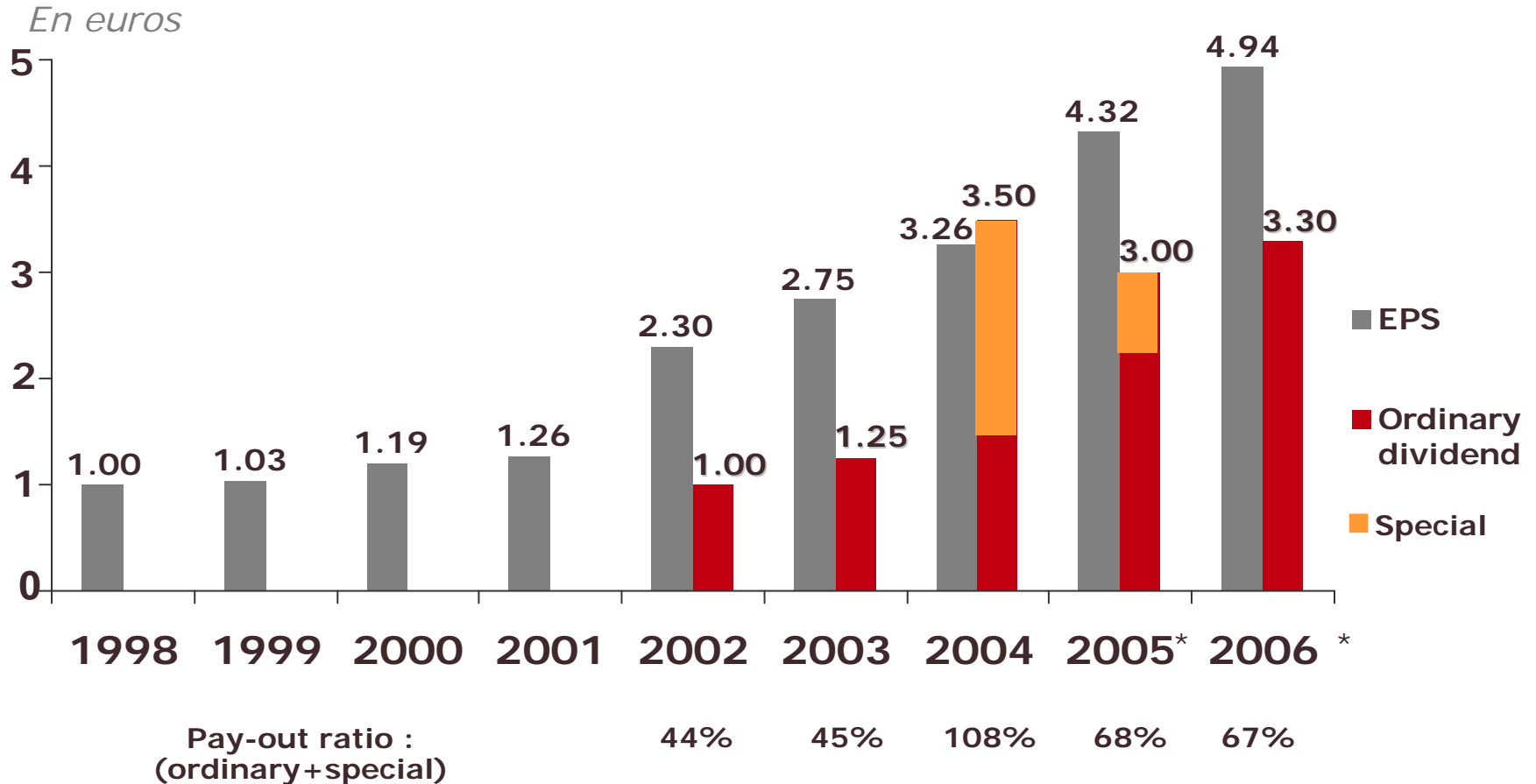
€ m

July 2004 July 2005 July 2006 July 2007

Net income (previous year)	83	104	138	157
Exercised stock options (previous year)	1	4	12	11
Oceanes conversion	0	135	0	0
Impact on equity	84	243	150	168
Ordinary dividend	38	48	69	104
Special dividend	0	64	25	0
Share buy-backs	0	71	63	62
Return to shareholders	38	183	157	166
Number of shares (in millions) *	30.3	30.9	31.5	31.4

2% of total shares bought back in 2006/2007

INCREASE IN DIVIDENDS



Total dividend of €3.30 per share for 2006 financial year, a yield of 3.5%*

* Based on the share price at end of december 2006 (euros 95.15)



MARKET TRENDS

POSTAL SECTOR EVOLUTION

- Mail volume: generally flat or slightly up
 - In the US, mail volume grew by +1.1% per year during the last 5 years (2002-2006 period)

- Deregulation in Europe:
 - Acceleration of the opening up to competition
 - A situation being still different depending on the countries

- Economic and competitive pressure within postal organisations for greater efficiency and productivity and for better service
 - Europe
 - North America

- Technological driver



MODERNISATION OF POSTAL OPERATORS' BUSINESS

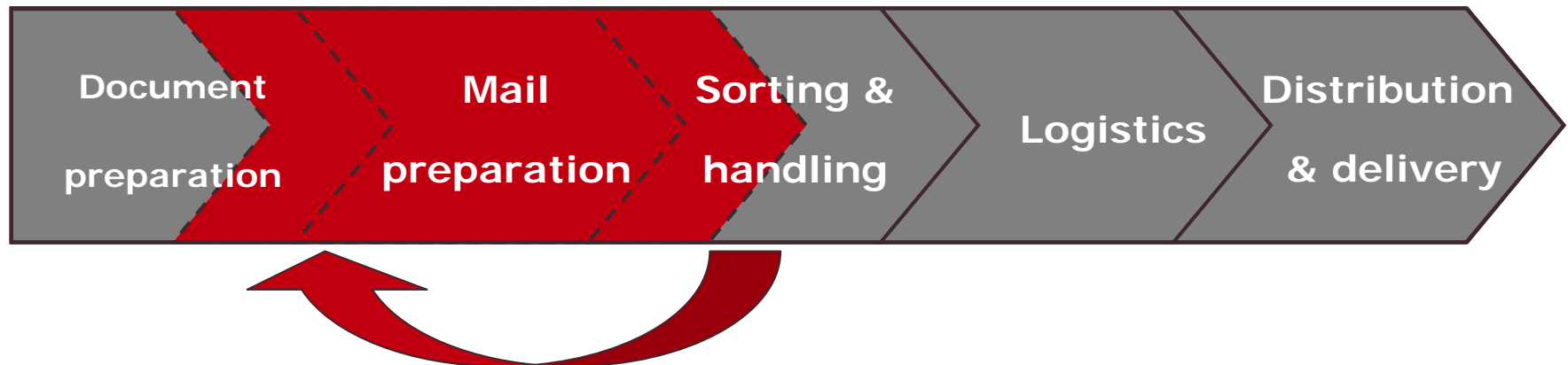
- Automation of mail sorting processes
 - Strong productivity gains
 - New differentiated services possible (next-day, 3-day delivery, ...)
- New marketing and sales practices
 - Incentive prices and increased complexity of pricing structures
- New services
- Improvement of franking security and data reporting



TRANSFORMATION OF THE VALUE CHAIN

■ Generation of new customer needs:

- Standardized and cleaned address
- Machinable mail piece, size and weight optimisation
- Enriched imprint and connected machines
- Wider range of service types and prices



Enhancement of the mail preparation function

NEW OPPORTUNITIES IN NEOPOST'S CORE BUSINESS

- Acceleration of equipment renewal
 - Effect comparable to decertifications
- Customer acquisition of new tools or accessories
 - **Dynamic scales** helping automate calculation of prices (weight and size)
 - **Folding/inserting machines** to take advantage of best postage prices
 - **Software** for address cleansing, print management and mail flow (BTA)
 - **Online service** offerings, particularly for mail piece traceability
 - IT franking solutions for **industrial mail**



SUSTAINABLE FAVOURABLE CONDITIONS

- On top of decertifications, expansion of supplies and online services... these new technological and regulatory changes will continue to support the market
 - **Changes currently in progress**
 - ▶ 2006: United Kingdom => Pricing In Proportion
 - ▶ 2007: USA => Shape-Based Pricing
 - ▶ Discussions on these subjects in a large number of continental European countries (particularly Italy and the Netherlands)





THE **NEOPOST** MODEL

NEOPOST'S STRENGTHS

- Partner to postal services: long-term relationship and anticipation
- Decentralised structure: closeness and ability to react
- Technological innovation: continuous R&D spending
- Challenger in changing market: sales dynamism
- Model for growth



THE NEOPOST MODEL

Increase revenue per customer by:

- Capitalizing on technological and regulatory changes
- Focusing on high end segments
- Developing services
- Improving distribution

Continuing with a proven model

CAPITALIZING ON TECHNOLOGICAL AND REGULATORY CHANGES

- Accelerate renewal of installed bases
- Increase folding/inserting machine, peripheral and accessory attachment rate
- Offer new functionalities
 - Online services in USA and UK ...
 - Address cleansing software
 - Industrial mail software (acquisition of ValiPost in France)
- Develop supply sales

Neopost is taking best advantage
of favourable conditions



FOCUSING ON HIGH END SEGMENTS

- Mailing machines: a major opportunity for Neopost
 - Historically low presence in the high-end segment
 - 2006: 30% increase in number of high end franking machines produced compared with 2005
- Folding/inserting machines: a strong growth driver for Neopost, the world leader
 - More cross-selling opportunities based on Neopost's enhanced presence in large mailrooms
 - New high end machine launch in 2007

Opportunities to increase sales per customer



DEVELOPING FINANCIAL SERVICES

- Facilitate customer experience
 - Leasing: currently expanding programme for Neopost
 - ▶ In Europe
 - ▶ In North America
 - Postage financing: a new initiative by Neopost:
 - ▶ Launch in **June 2006** in the US, very well received by customers
 - ▶ Possibility of expansion in Europe in prepayment markets
 - At 01/31/07, a portfolio value of € 399m, a +24.4% increase, and a 18.4% increase of sales
 - ▶ Double-digit growth to continue, both in portfolio and sales

Additional profitable recurring revenue
per customer



IMPROVING DISTRIBUTION

■ Consolidation of distribution and improvement of market coverage:

■ **Since 1 February 2006 in Europe:**

- ▶ 2 local distributors acquired in Italy
- ▶ 1 address printer distributor acquired in the Netherlands

■ **Since 1 February 2006 in USA:**

- ▶ 12 more distributors acquired in the following states Oregon, Alabama, Indiana, Texas, Michigan and Massachusetts
- ▶ 2 territories sold in the following states : Georgia and Ohio
- ▶ At 31 January 2007, **40%** of the American market covered by unified distribution compared with 0% at 31 January 2005

■ Program to be pursued for the upcoming years

Increase revenue per customer
and improve sales effectiveness

PROFITABILITY

- Develop higher margin activities
 - High end
 - Supplies
 - Leasing
 - Postage financing
 - Online services
- Improve distribution
- Specific productivity improvement programmes
 - Merger of services in France in mid 2006
 - Leasing back office merger under way in Ireland
 - Continuing implementation of Siebel in Europe
 - 2007: increase productivity of least profitable subsidiaries

Potential for operating
margin improvement



OUTLOOK

OUTLOOK

■ Sales

- Around 5% to 6% growth in 2007
- Strong growth in 2008 (more than one billion euros in sales)

■ Operating margin

- 2007-2008: 30 to 50 basis point improvement per year

■ Beyond 2008

- The market will remain active, particularly as a result of technological and regulatory changes
- Most current growth initiatives (online services, financial services, high end and optimisation of distribution) will take 4 to 6 years to achieve their full potential





APPENDIX

CONSOLIDATED BALANCE SHEETS (1/2)

Assets

In € million

	FY 2005	FY 2006
Goodwill	514	529
Fixed intangible assets	50	53
Fixed tangible assets	131	144
Financial investments	11	15
Other long term assets	4	4
Leasing receivables	320	399
Deferred tax assets	49	44
Inventory	49	50
Trade receivables	195	161
Other short-term assets	25	31
Cash and marketable securities	113	158
TOTAL	1,461	1,588

CONSOLIDATED BALANCE SHEETS (2/2)

Liabilities

In € million

FY
2005

FY
2006

Shareholders' equity	514	537
Provisions	55	40
Long-term financial debt	186	309
Leasing debt	105	156
Short-term financial debt	112	31
Deferred tax liabilities	30	23
Prepaid income	155	157
Other short term liabilities	304	335
TOTAL	1,461	1,588